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4	TRANSCRIPTION OF
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6	QUESTION AND ANSWER SESSION
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8	FORT NAVAJO
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10	EUL INDUSTRY FORUM
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- THE HOST: We have received written
- 3 questions from you throughout the day. We are going
- 4 to go through these questions and try to provide
- 5 answers the best as we can.
- 6 In addition, once we have completed that
- 7 stage of the Q and A, then we will allow you to ask
- 8 live questions.
- 9 And for that purpose, we will be walking
- 10 around with microphones. So if you do have a
- 11 question, just raise your hand.
- 12 We will get one of them to come over to you,
- 13 and then please ask your question in the microphone so
- 14 we make sure we get it recorded.
- Okay. The first question reads:
- 16 Q The presentation noted that the Kingman
- 17 Airport rated for DC9 and 737 aircraft. What is the
- 18 rating for Pulliam Airport?
- 19 A The Pulliam Airport currently has an FAA
- 20 rating called an Index A. That generally means that
- 21 they are capable for regular scheduled air service of

- 1 aircraft of 90 feet or less.
- 2 It would also be good to let you know we
- 3 have been able to handle aircraft such as 737 and 757
- 4 on an intermittent basis.
- 5 Also, too, we are involved with a
- 6 significant project in process with the city of
- 7 Flagstaff to look at adding a 2,000-foot extension to
- 8 our runway. And we hope to have final approvals from
- 9 the FAA sometime in the near future.
- 10 We have done some studies with the city of
- 11 Flagstaff as well to look at our enplanement and
- 12 deplanement activity to support that we believe that
- 13 we can look at one if not two more destinations to
- 14 hubs in the Southwest.
- 15 Q What increased capital capacity or
- 16 improvements would the current proposed expansion
- 17 provide?
- 18 A The lengthening of the runway by 2,000 feet
- 19 would allow us to be able to accommodate regional jets
- 20 that are the preferred aircraft of choice where moving
- 21 for locations of roughly 500 miles or less.

- 1 Q There was a lot of talk about absorption.
- 2 Can you define what is meant by "absorption" with
- 3 regard to this project?
- 4 A In the market analysis that I read myself,
- 5 absorption is basically defined as land sales within
- 6 those industrial parks.
- 7 I think that very closely correlates to
- 8 having tenants in tow and occupants. We didn't, for
- 9 example, at the Kingman Airport, the comparable that
- 10 we looked at, they were not I don't believe selling a
- 11 lot of land on spec, and so folks were coming in with
- 12 demand in hand.
- 13 Technically speaking, it is defined as land
- 14 sales within those industrial areas. We won't be
- 15 obviously out selling land for the purposes of the
- 16 Camp Navajo site, but in the market analysis, that is
- 17 how we define it as a measure of actual occupancy.
- 18 We had a smaller radius that could actually
- 19 be captured by actual demand in that site, so we think
- 20 that that makes it actually somewhat conservative in
- 21 the assessment.

- 1 Q What are the requirements to fence in or out
- 2 the EUL site from the camp?
- 3 A Right now, there is no requirements on our
- 4 side. What we have right now is the field fence that
- 5 will separate us from the EUL site.
- 6 Other than that, along the I-40 corridor,
- 7 there is also a field fence right now that may become
- 8 a better standard fence if we get some money from the
- 9 National Guard Bureau just for upkeep of the
- 10 installation.
- 11 Q The camp has locomotives. Will the camp
- 12 make these locomotives available?
- 13 A Yes. It would be through a contract through
- 14 Mr. Rising's office. We have three locomotives. We
- 15 have an 80-ton and two 60-ton locomotives that are
- 16 available for cost, per contract.
- 17 Q Again, Gentlemen, the warehouses that we
- 18 visited, how are they ventilated?
- 19 A They are ventilated. There is no heating or
- 20 cooling sources in those warehouses right now. They
- 21 are your standard warehouse. Basically, they have

- 1 electric and sprinkler. That's it. Load power levels
- 2 are 480 volt, three-phase 60 hertz.
- 3 Q Again, are the igloos on the site empty?
- 4 A Yes. All the golf area that is adjacent to
- 5 the EUL area, they are all empty, and we plan on
- 6 keeping those empty.
- 7 The only thing we are going to store on
- 8 those are, if we get a customer that has a commodity
- 9 that is non explosive, that is going to go in that
- 10 area.
- 11 Q Again, how deep is the camp well?
- 12 A It is a quarter mile deep. It is into three
- 13 aquifers. We don't have any problem with water right
- 14 now. We have two springs that run into Camp Navajo
- 15 alone.
- 16 They produce at a high point about
- 17 150 gallons per minute all the way to about 55 gallons
- 18 per minute just on our springs. The deep well is
- 19 capable of 150 gallons. That's also in the briefing
- 20 if you go back to the overview.
- 21 Q Is it possible to push back the response

- 1 date from March 6th to the end of the month?
- 2 A We have had several requests to extend that
- 3 start date. We are going to consider that. I think
- 4 most of our team agrees that we could do that. We
- 5 understand that this is a complex project and requires
- 6 teaming, so we will consider that.
- 7 However, remember, our notice of
- 8 availability lease is out in draft form now. That's
- 9 one of the reasons why we put it out in draft form,
- 10 because things can come up during the industry forum,
- 11 such as extending the date or some other areas that we
- 12 might want to make an adjustment to that document.
- 13 So we will get back to our office. We will
- 14 consider it, and we will publish a new date probably
- 15 from the information that we have received here just
- 16 in the past two days that we definitely will consider
- 17 and probably will extend that date.
- 18 Q It has been stated at that the camp is a
- 19 money-making operation. Will the camp compete with
- 20 the developer or tenants?
- 21 A Only if they want to get into commodities of

- 1 larger rocket motors. No, we are not going to do this
- 2 in competition with the EUL area.
- We have a specific mission, and we are going
- 4 to go ahead and continue with what we do best, and
- 5 that is storage of ammunition. That's probably our
- 6 future also.
- 7 Q How much of the warehouse space is currently
- 8 being used in terms of square footage of the total
- 9 that exists on the installation?
- 10 A In the general warehouse space, we have a
- 11 little over 600,000 square foot. Currently, we have
- 12 five bays.
- 13 A little over 200,000 is occupied. About
- 14 one-third is full right now on the general warehouse
- 15 side of the house.
- We do have some people that are interested
- 17 for '07 to maybe expand that a little bit. Maybe two
- 18 more bays is what we are expecting.
- 19 On the other side of the house, with the
- 20 explosive storage, we are about 35-percent full right
- 21 now on the igloos.

- 1 Q Are the surveys and topographical maps for
- 2 the site area available down to two feet?
- 3 A The only topographical maps we have
- 4 available are one to 25,000ths. I imagine you can go
- 5 to USGS or other sources to get maps with a better
- 6 resolution.
- 7 Q How long will respondents have to submit
- 8 responses to the NOL?
- 9 A I think we just answered that. We are going
- 10 to extend that date, and we will publish that date on
- 11 our website, make the amendment to the NOL.
- 12 We will also send out e-mails to everybody
- 13 who is on our list, including everybody who attended
- 14 here today.
- 15 Q What is being done to ensure good ingress,
- 16 egress and traffic flow to this site?
- 17 A Right now, there is one overpass. There has
- 18 been some talk about future overpasses being put in,
- 19 but that's going to have to be between whoever is
- 20 selected and Camp Navajo and probably the state of
- 21 Arizona, but right now there is currently only one.

- 1 To add on to that, the developer is
- 2 selected, we will work every way that we can with you.
- 3 I am sure the city of Flagstaff and everyone that's
- 4 been involved will work along with that development
- 5 team to try to improve and upgrade the access in any
- 6 way that we can.
- 7 Q Relative to building construction codes,
- 8 what entity has jurisdiction over the EUL area? The
- 9 county, the state?
- 10 A Right now, we pretty much fall within the
- 11 county codes. We try to keep them. There has been
- 12 talk that, we are a federal installation, so we don't
- 13 have to go by any codes.
- 14 We still try to be good neighbors within the
- 15 community. So we follow all the county codes and
- 16 state codes and also the federal codes that are for
- 17 us, especially on our ammunition site.
- 18 Q Would those apply to this site?
- 19 A Yes, that will apply to the EUL area.
- 20 Q Does the installation plan to continue using
- 21 the existing active warehouses?

- 1 A The warehouse space that was pointed out on
- 2 the tour and visible along the diagrams in your book
- 3 is an integral part of our current mission, and that's
- 4 to generate revenue. We need that or some equivalent
- 5 thereof.
- 6 We would certainly entertain a proposal if a
- 7 potential developer would like to utilize that space
- 8 and that building with those three buildings
- 9 specifically to have an in-kind capacity built
- 10 elsewhere on the facility, we have several places that
- 11 could be done or negotiate some sort of reasonable
- 12 access for us on the current buildings.
- 13 Q A related question, do the existing
- 14 warehouse tenants desire to remain on the
- 15 installation?
- 16 A Yes. Yes, they do.
- 17 Q What are the metal posts? They were noted
- 18 on the western edge of the site.
- 19 A I guess on the tour they saw the
- 20 truck-holding area. That is a safe haven.
- 21 Most federal installations have a safe haven

- 1 for any type of federal cargo going cross country
- 2 whether the truck driver needs a break to go over to
- 3 the truck stop where he doesn't want to leave his
- 4 commodities on the truck, they will park in our safe
- 5 haven, go across the street, get something to eat, go
- 6 to the motel, et cetera.
- 7 Sometimes it could be small ammunition, but
- 8 it is usually nothing other than that basically.
- 9 Q Are those located on the site, do you
- 10 remember?
- 11 A Those are located right to the south of the
- 12 EUL.
- 13 Q Beyond the site?
- 14 A That's correct.
- Q And they are lightening rods?
- 16 A That is right. What it is is lightening
- 17 protection over it. Our federal regulations state,
- 18 basically, if you are not in transit and you are
- 19 parking a vehicle that has any type of explosive,
- 20 whether it is a small ammunition, you need to be under
- 21 lightening protection.

- 1 Q What is the general condition of the rail
- 2 spurs on the site?
- 3 A They are all operational right now, our
- 4 locomotives. We use it daily basically with our
- 5 80-ton and two 60 tons to move our commodities.
- 6 Q And again, is there water and sewer to the
- 7 site?
- 8 A There are water and sewer lines. Some of
- 9 them need some upgrades -- I believe that is on the
- 10 disk -- and some other things.
- 11 Q Are there environmental issues on this site?
- 12 A Yes, there are. There are a few historical
- 13 sites. There is exactly six of them. Most of them
- 14 are on the fringe. They are really not in the EUL
- 15 area.
- I have talked to our environmentalist folks
- 17 down at our facility maintenance office down in
- 18 Phoenix. They don't see an issue with any of them,
- 19 but most of them are in a location where you are not
- 20 going to build a building or do any type of
- 21 construction or even any type of intermodal type

- 1 activities.
- 2 Q Are they described anywhere in the
- 3 documentation that's been distributed?
- 4 A I do not believe so. No. We have Fran Peck
- 5 here. She's from the environmental office.
- 6 Q Those will be addressed in the EBS?
- 7 A I believe so. Yes, they should be in the
- 8 EBS. We can provide descriptions, but because of
- 9 confidentiality and trying to protect the sites
- 10 themselves, we don't give exact locations of the sites
- 11 until the actual contractor is selected. And that's
- 12 just the normal course for all of our stuff.
- 13 Q For clarification, do you have an idea of
- 14 the time line for the EBS? That's the environmental
- 15 baseline study.
- 16 A Right. That's the environmental baseline
- 17 survey. It is my understanding that the contractor is
- 18 on it right now. We put a rush on it because of the
- 19 EUL issues.
- 20 So I am guessing, here in the next few
- 21 weeks, we should at least have a draft. I can check

- 1 on that.
- Once the EBS is finalized and we get
- 3 approval, we will post that on the website so that you
- 4 can go and find it. Just keep an eye on that, the
- 5 Army Navajo page. As soon as we get that, we will
- 6 post it up.
- 7 Q Can you explain the difference between
- 8 intermodal and transload?
- 9 A The common term "intermodal" refers to the
- 10 trailers, to actual truck trailers or oceangoing
- 11 containers on flat cars. And that's what the normal
- 12 term "intermodal" means.
- "Transload" generally means taking the
- 14 product out of the railcar and putting it into a truck
- 15 or vice versa.
- 16 Also, can I take one minute and introduce
- 17 someone who was here this morning I didn't get a
- 18 chance to do it. LaTonya Finch, would you stand,
- 19 please.
- 20 She just started yesterday. She's our new
- 21 regional manager of economic development in the

- 1 Southwest, including Arizona. She will be the local
- 2 contact.
- 3 She can get you local engineering, local
- 4 operating questions, all the local type rail
- 5 information.
- 6 Q Can we get more detail on what explosive or
- 7 flammable products are stored at the camp?
- 8 A No, not really. We keep that to ourself,
- 9 but there is nothing that will endanger the EUL
- 10 whatsoever anywhere in that area.
- 11 So I guess that's the best way we could
- 12 address that. Stay outside the arc. Stay on your
- 13 side of the fence. Let's stay out of trouble.
- 14 Q On energy, how many megawatts of power will
- 15 the cogeneration plant produce, and how many pounds of
- 16 pressure steam?
- 17 A You can tell us that. I think that's a
- 18 marketing process, what can you generate. Working
- 19 with that team, looking what the development is going
- 20 to be on the heavy industrial, the manufacturing side,
- 21 what can go to the grid.

- 1 We are not prescribing a particular size
- 2 plant. We are looking for you to come and tell us and
- 3 come in with your marketing plan as part of the whole
- 4 solicitation process.
- 5 Q How many megawatts of power does the base
- 6 use?
- 7 A Our whole current infrastructure right now,
- 8 the training site, all our igloos, we use
- 9 approximately three.
- 10 Q Three megawatts?
- 11 A Yes.
- 12 Q The total capacity?
- 13 A 14.1. It is also in the overview in the
- 14 handouts I gave you.
- 15 Q Is there natural gas to the site?
- 16 A There is natural gas to the site. There is
- 17 a four-inch gas line right along Burlington Northern
- 18 Santa Fe.
- 19 I believe the UniSource folks are here and
- 20 probably can answer any questions about tapping into
- 21 that.

- 1 Q Describe the security advantages of the base
- 2 and also what security will be in place for ingress
- 3 and egress from and to the final industrial park.
- 4 A First of all, you have to remember that, if
- 5 you are running some type of a warehouse or business,
- 6 you pay taxes. You don't have to pay taxes with us,
- 7 but our services are not free.
- 8 We have 24/7 security. We have 24/7 fire
- 9 department. We are the only 24/7 fire department in
- 10 the area. The nearest 24/7 fire department is
- 11 Flagstaff.
- 12 The surrounding areas have volunteer fire
- 13 department, Williams, Parks, Belmont. We are
- 14 basically the only show in town. We respond first to
- 15 most of the things off post; accidents, firings, et
- 16 cetera. We have an agreement between some of those
- 17 agencies.
- 18 That's pretty much it, unless you can think
- 19 of anything else.
- 20 Our security, we have security folks that
- 21 run security operations 24/7. We know anybody that is

- 1 coming in our fence line. Building 8 when you first
- 2 came in actually has a camera that is 360. It will
- 3 tell anybody coming in over the overpass, coming down
- 4 the fence lines, et cetera.
- 5 In fact, it is so good, they can see across
- 6 the street to the gas station and the truck stop. And
- 7 we can read a license plate. So our security is
- 8 pretty good.
- 9 If there were an increase in the security
- 10 and fire requirements from the EUL area, we would
- 11 expect to be reimbursed for having to have to put
- 12 extra people on and maintain their training and things
- 13 like that.
- 14 You might look at us like we are the town of
- 15 Camp Navajo, and you are occupying property inside the
- 16 town. We provide the common services the town would
- 17 provide. And of course, we have to be compensated for
- 18 the services, the common utilities, and things like
- 19 that.
- 20 So of course, nothing prevents you from
- 21 talking to APS or UniSource, but water, wastewater,

- 1 security, fire department, remember, we get no
- 2 appropriated funds to run the place. We just ask for
- 3 fair compensation, and that's something we would have
- 4 to negotiate.
- 5 You have to help outline the requirement.
- 6 We in turn will tell you what we think fair
- 7 compensation is.
- 8 Q Who is responsible for producing
- 9 environmental documentation and what is required?
- 10 A As far as I know, and I may have to defer to
- 11 Fran again, there is going to be a requirement to
- 12 follow NEPA throughout the process.
- We do have on that disk that we provided,
- 14 the Camp Navajo disk, there is a REC, Regular
- 15 Environmental Consideration.
- 16 Fran talked about the EBS. The Guard will
- 17 be producing that.
- 18 Anything above and beyond that at this point
- 19 in time we are of the opinion becomes the
- 20 responsibility of the contractor.
- In all of our EUL projects, remember, we

- 1 look at this as a straight real estate deal. If you
- 2 had a piece of property outside the fence, you would
- 3 have to do environmental work in order to get your
- 4 financing. We look at it the same way.
- 5 What we anticipate here is an environmental
- 6 assessment. We would look for that development team
- 7 to provide the environmental assessment.
- 8 We also in our experience in our other EUL
- 9 projects is, you all do that cheaper and faster than
- 10 we do. And again, it is just part of the development
- 11 process.
- 12 Q Why would the area within the explosive arc
- 13 be included in the EUL area if that portion cannot be
- 14 used?
- 15 A We kind of got the cart before the horse.
- 16 Prior to EUL even being a concept to us, we had
- 17 identified an area that we were going to develop
- 18 ourselves.
- 19 That's the survey that you were provided
- 20 this morning. We just kind of transferred that survey
- 21 to fit EUL. You need to understand that that survey

- 1 is not absolute. It is preliminary survey.
- 2 If you wanted to move further west or
- 3 further east, we would sure be amenable to discussing
- 4 that. We would like to keep you from going further
- 5 south though.
- 6 Q Can you describe the impact of the explosive
- 7 arcs?
- 8 A The explosive arc, the very edge of the arc
- 9 that you see in your paperwork there, in a
- 10 million-to-one scenario, that's where the furthest
- 11 piece of shrapnel would land.
- 12 We are required by Army regulations not to
- 13 put civilians in harm's way. So civilians are not
- 14 allowed to work within that arc. Anything beyond that
- 15 arc is considered to be safe.
- 16 Q So is it likely that would be carved out of
- 17 the actual --
- 18 A Yes, that will be carved out.
- 19 There is also another area there where the
- 20 truck-holding yard is that has arcs on it. And we
- 21 would want to probably negotiate some space down in

- 1 that southwest portion of the EUL area as it has been
- 2 presented to far.
- 3 Q But the arcs would not go any farther north
- 4 than what is in the EUL?
- 5 A Right. Once we get into the development of
- 6 the Business and Lease Plan, as we see how the
- 7 development is coming together, how you are siting
- 8 your potential construction, we find that these lines
- 9 move a little bit here and there.
- 10 So we will be outside the arc, but we will
- 11 define the exact site area in the Business and Lease
- 12 Plan.
- 13 Q Can you describe the information that is
- included on the disks that were handed out?
- 15 A Sure. That disk has the record of
- 16 environmental consideration that was done by Ms. Peck
- 17 and her office. There is also AutoCAD, I think it is
- 18 Version Two.
- 19 All of the utilities, facilities and
- 20 infrastructure down in the area, the rail, all the
- 21 water lines, the buildings are all on there. We

- 1 scanned them, and you have got the blue lines and the
- 2 plans.
- 3 There is also a listing of all the
- 4 environmental projects that were identified in 1990 in
- 5 the master environmental plan and the status of those
- 6 projects.
- 7 It is not a detailed listing of the
- 8 projects. It just tells you what the project was and
- 9 what the status is of it.
- 10 All of the environmental projects we have
- 11 had down in that area are closed. They have been
- 12 addressed and closed.
- 13 Q When did the project get to your office?
- 14 A I think I answered that in my presentation.
- 15 We came out in late summer, kicked the dirt, found
- 16 that we had what we thought was a viable project.
- We put together our ideas, and then we had
- 18 people go out and do the market study.
- 19 Q What is the impact of homeland security on
- 20 the NSF's business considering the seaports are
- 21 experiencing serious delays in moving received

- 1 shipments to their destinations?
- 2 A BNSF was one of the early participants in
- 3 Seapath in the rail industry. As you know, the rail
- 4 regulations are still being presume you will be gated
- 5 with respect to Seapath.
- 6 They just had a conference in Orlando. We
- 7 sent a person from my staff there. We are reviewing
- 8 the general thrust of what they are planning, but it
- 9 is still very early on.
- 10 In terms of the specific regulations, I will
- 11 just tell you that, next to safety, security is number
- 12 two on the railroad. They go together. I think that
- is obvious.
- 14 Q This is for the whole panel. If public
- 15 officials have gotten inquiries from prospects, will
- 16 they be shared?
- Will these inquiries be shared with all
- 18 developers so no developer is given an advantage?
- 19 A Absolutely not. That is an ethical question
- 20 you are asking me, so if it comes through my office,
- 21 no.

- 1 I can tell you that a lot of folks that
- 2 started this project signed a piece of paper saying
- 3 that we wouldn't go out and go beyond anything that we
- 4 were doing to the public nor any other contractors
- 5 before this meeting. So that's the way we stand.
- 6 That's the way we are going to be. And that's more of
- 7 an ethical question for us.
- 8 Nobody is going to get an advantage. One of
- 9 the reasons that we ask you to write your questions on
- 10 cards, the reason that we did this Q and A session at
- 11 the end of the day was so that everybody could hear
- 12 the questions, and everybody could hear the answers.
- 13 This whole question-and-answer session will
- 14 be posted on our website. We will take the tape back
- 15 to Baltimore, give it to a court reporter who will
- 16 transcribe it and, within a week, it will be posted on
- 17 the website.
- Now, once we select a developer, then
- 19 Stephanie and her staff, the National Guard, anyone of
- 20 us on the team who knows that there are prospective
- 21 tenants who want to come here, we will start making

- 1 those available to that developer, but nobody is going
- 2 to get an advantage.
- We want a complete level playing field. And
- 4 I think that is one of the things that has been the
- 5 success of our program is that we do things on time,
- 6 we do what we say we are going to do, and we keep it a
- 7 level playing field all the way through.
- 8 There are CDs in the back of the room with a
- 9 lot of the information you would like to know, a lot
- 10 of the prospect activity that has looked at this
- 11 market place.
- 12 I am not talking specifically Camp Navajo at
- 13 all, just an interest in northern Arizona and the
- 14 greater Flagstaff area, the information is listed by
- 15 industry type, amount of square footage, the amount of
- 16 employment, zoning needs, things of that nature. So
- 17 that is available if you would like to have that as
- 18 well.
- Just as a follow-up on questions, after
- 20 today, if you have any questions we would like for
- 21 those questions to come into a central location and

- 1 that would be to my staff, Rod Chavez or Janet Kriner
- 2 on my staff.
- 3 You can also ask questions on the website.
- 4 The web master goes through and screens the website on
- 5 a daily basis and looks for questions.
- 6 Every question that we get from here on out
- 7 we will post on the website with the answer, so if you
- 8 could, try to make them central.
- 9 If you have a question that you need to ask
- 10 of the installation, you are here doing due diligence,
- 11 that's fine. We just need to make sure that we get
- 12 the question and post it on the website with the
- 13 answer that you received.
- 14 Q I will the property be subject to local
- 15 property tax?
- 16 A And I think we have answered that question.
- 17 The answer is, no, it would not be subject to local
- 18 property tax.
- 19 We are providing the police, the fire
- 20 protection, the water, the sanitary sewer. These are
- 21 things that are included in your property tax bill.

- 1 We, obviously, don't want our developer
- 2 paying taxes twice; neither do you want to do that.
- 3 It also impacts our ability to get fair rent or your
- 4 ability to lease at a competitive rate.
- 5 The local governments get the benefit of the
- 6 employment that you bring to the area, the property
- 7 taxes for the houses that get bought, sales taxes and
- 8 a variety of other benefits that will come through the
- 9 development of the site.
- 10 Q As I understand the EUL, the maximum term is
- 11 50 years. Can the contract include an extension, for
- 12 example, 25 to another 50 years?
- 13 A First of all, under my leasing authority, I
- 14 only have authority to lease for five years. I have
- 15 to have the Secretary of the Army's approval to go
- 16 beyond five years, but we get approval for 50 years
- 17 regularly.
- 18 Some people have asked us, will we go to 99
- 19 years, 75 years. I think the VA is now advertising 75
- 20 years.
- 21 This property, we have to tell the

- 1 Department of the Army that this property is not
- 2 excess to our needs. And my feeling is, if we go
- 3 beyond 50 years, it is probably excess to our needs.
- 4 So the answer is, yes, we do 50-year leases.
- 5 In regard to options, we write in all of our
- 6 leases an option at the government's approval. So you
- 7 get the right somewhere along the way to come in and
- 8 ask for an extension on the lease terms.
- 9 One of the things that we see where we have
- 10 multiple 50-year leases with master agreement, we know
- 11 that at some point our developer teams are going to
- 12 come back to us and say, let's make all these leases
- 13 mature on the same date, and then we will start
- 14 exercising those option rights and going up for that
- 15 approval.
- To go beyond the 50 years, anything I do, I
- 17 have to go up to the Secretary of the Army for
- 18 approval to do that, but we do cover this in our lease
- 19 arrangements.
- 20 We do expect, particularly on multiple-lease
- 21 deals, that that question will come up earlier rather

- 1 than later.
- 2 Q I am a private biomass plant developer.
- 3 Will you offer the list of all RFP recipients?
- 4 A I am not sure what the question is.
- 5 Is the person who asked the question here,
- 6 and can we give you the microphone?
- 7 Q I am a private biomass power plant expert
- 8 developer, so I would be the sub to the master
- 9 developer. I would like to have the list of all the
- 10 people who are applying for your RFP.
- 11 A Okay. And you could come on the team in a
- 12 variety of ways, but you have a list of all the
- 13 attendees that were here today.
- 14 And not only do you have that list today,
- 15 you have a list for everybody who registered, even
- 16 though some didn't come. And these lists will also be
- 17 posted on the website.
- 18 So typically what happens from this point
- 19 is, people start looking for places to team, people to
- 20 team with, and you start combing through the list.
- 21 What I am not going to do is, once we get

- 1 proposals in, then go back and turn that list out,
- 2 because we are moving into the source selection board.
- 3 We want to see who that team is that's coming in.
- 4 So you should be on a team by the time those
- 5 proposals come in.
- 6 Q Does our significant oppositions on
- 7 intervenors present.
- 8 I think you are asking if there is any
- 9 significant opposition to development on this site.
- 10 A I have not heard any opposition to
- 11 development on this site. You have heard from
- 12 environmentalists. You have heard from the city. You
- 13 have heard from the mayor. You have heard from the
- 14 economic development council. You have heard from the
- 15 state, the county.
- We have had nothing but positive feedback.
- 17 Actually, were at the Coronet Conference in Las Vegas
- 18 about a month or so ago.
- 19 We shared a booth with the Flagstaff
- 20 Economic Development Council and partnered with the
- 21 state of Arizona. We have nothing but positive

- 1 feedback on this project.
- 2 Does that mean somewhere along the way
- 3 somebody is going to say, I hate the idea? We have
- 4 been around communities long enough to know that that
- 5 can happen.
- 6 You are going to have a community relations
- 7 expert on your team. We are going to work with you,
- 8 work with the local governments. Our projects, we
- 9 have a great success history with working with the
- 10 local governments.
- One of our projects recently, we just did a
- 12 brief for the city council. We met with the mayor
- 13 twice, had a meet and greet with the mayor with our
- 14 developer. We did a joint press release, and then we
- 15 were invited in to do an address to the city council.
- 16 So that's how closely we work with the local
- 17 communities, and we see no opposition to this project.
- 18 Q Will the master developer be required to
- 19 build to local codes and standards?
- 20 A The answer is that, whatever county codes
- 21 there are, that's what we would expect you to build

- 1 to. We will work with the county on those
- 2 inspections, but whatever county laws are applicable,
- 3 since this property is in the county, we want to be
- 4 good neighbors. We want to partner with the
- 5 community.
- 6 That's why we are successful, and that's why
- 7 we don't have opposition, so we are going to continue
- 8 that process with the county.
- 9 Q Are there any floodplain considerations?
- 10 A No. Flood plains are to the south.
- 11 Actually, there was a wetland. Right now, that
- 12 wetland is completely dry. We have Volunteer Canyon
- 13 that runs out into the verde down there. So, no, that
- 14 area, there is absolutely none.
- 15 THE HOST: Are there any other questions in
- 16 the audience?
- 17 Q Can someone give me a few more details on
- 18 the spec for the biomass? Specifically, I heard
- 19 something about three kilowatts or three to
- 20 10-kilowatt or megawatt capacity on the electricity
- 21 generation side, and then what sort of pressure would

- 1 you like on the steam side?
- 2 I don't know if that has been developed yet
- 3 or not. I am way out of my league even asking the
- 4 question, but I was asked to ask the question so I can
- 5 bring it back to our expert.
- 6 A Actually, what we said, the capacity that we
- 7 have that we are delivering electricity wise right now
- 8 is 14.1. We are only using three.
- 9 We have not determined what the size of that
- 10 biomass plant would be. That comes as part of the
- 11 marketing process and part of developing the needs
- 12 with your tenants on the site and how you see selling
- 13 services, the electricity.
- Obviously, we saw biomass as being a real
- 15 plus for this project and low cost of energy. And
- 16 then at the same time as that site gets built out, we
- 17 see users for steam and chilled water, which also
- 18 hopefully will reduce the cost of generating
- 19 electricity.
- 20 Q Has Camp Navajo ever been locked down for a
- 21 security reason and, if so, could this affect the EUL?

- 1 A I am going to tell you, yes, during 9-11.
- 2 It was a real short period. But will it affect the
- 3 EUL, no, because basically they have their own egress
- 4 and ingress route that will follow to the west.
- 5 As you notice, you never really went onto
- 6 Camp Navajo proper today. You stayed pretty much
- 7 outside of what we call our contomiate area, but no.
- 8 You will have basically your own ingress and
- 9 egress route. My security will be there. Will they
- 10 check you in every day? No, because you are not going
- 11 on to the main installation.
- 12 That is kind of a generic answer. That
- 13 question comes up at every one of EUL forums. During
- 14 9-11, our installations were locked down for
- 15 essentially one day.
- 16 Because that is always a concern, we do make
- 17 provisions in our lease, if there were a lockdown for
- 18 a longer period of time, that there would be rent
- 19 abatement or ways that we can work with each other or
- 20 find some other form of ingress and egress.
- 21 Q I would like to know what height

- 1 restrictions are for the base. You said it is going
- 2 to be built to county codes. County codes are a
- 3 height restriction.
- We need a plant, for a normal speed plant,
- 5 we need 100 feet. Is that possible?
- 6 A We don't have anybody from the county here
- 7 to answer that question. We will work with you and
- 8 the county.
- 9 As long as it doesn't become a security
- 10 violation for Camp Navajo, we would try to work along
- 11 with you and with the county to ensure that.
- 12 I am not sure exactly what their FAR
- 13 requirements or height requirements are right now, but
- 14 we certainly would work along with you.
- 15 The county and economic development councils
- 16 are certainly interested in job generation and being
- 17 able to bring the right tenant mix to that project, so
- 18 we will work that with our successful developers.
- 19 There is some flexibility. We will check
- 20 with the county also within the next week, and we will
- 21 clarify this answer even further on our website.

- 1 Q I am thinking real estate. I want to know
- 2 how important the biomass component is to the grading
- 3 criteria in this RFQ proposal stage?
- 4 A Everything is important in the evaluation of
- 5 the components. We are looking for the very best deal
- 6 that we can get for the Army and for the National
- 7 Guard.
- 8 We are looking for a project that also is
- 9 sensitive to the community and can meet a variety of
- 10 needs.
- 11 So as part of a development team, we would
- 12 want to see that well developed. We would like to see
- 13 how you are going to do it.
- 14 And you have been part of this process
- 15 before, so you know that we are looking for
- 16 thoroughness, how you are going to manage that
- 17 facility, how you are going to market it, how it is
- 18 going to be viable as part of this project.
- 19 And teaming with the rest of the development
- 20 team, as you see that project unfolding, how you can
- 21 provide those resources and timing construction-wise

- 1 to the plant to meet the take-down schedules and the
- 2 timing of some of though tenants that may emerge
- 3 early.
- 4 So the answer is, there isn't any part -- if
- 5 you are going to submit it, and we are asking for it,
- 6 then obviously it is very important for us.
- 7 Q Being it is a Corps of Engineers site or DOD
- 8 site, how involved will the Corps of Engineers be with
- 9 the type of structures that go in?
- 10 Will they be susceptible to progressive
- 11 collapse requirements? The Corps of Engineers has a
- 12 lot of LEED's requirements on buildings now. Will any
- of that be applicable?
- 14 A On our EUL projects, first of all, most of
- 15 those are driven by an installation's development
- 16 design guide.
- I am not sure that we have a development
- 18 design guide at Camp Navajo. What we are going to
- 19 want to see from your team, obviously, we are not
- 20 going to say you have to comply with LEED standards.
- 21 We want the project to be successful. We

- 1 want it to be maintained, we want it to be well
- 2 tenanted, and we want it to be able to generate market
- 3 rent.
- 4 So we are not going to tell you that you
- 5 have to come in and build a platinum or gold building,
- 6 because your ability to lease it will be really
- 7 restricted.
- 8 We want, though, is for you to be sensitive
- 9 to the environment, to be sensitive to basic force
- 10 protection standards, siting the buildings, placing
- 11 standoff, but we are not going to come in and impose
- 12 our own design guide on you, because you are not
- 13 building these buildings for the Army. You are
- 14 building them for the private sector.
- 15 Q I have asked a couple folks this, but I am
- 16 still not quite clear.
- 17 The selection group that will evaluate the
- 18 proposals will be primarily Army personnel? And will
- 19 there be local people involved, or will it all be
- 20 people in Washington?
- 21 A Well, the answer to that question is, from a

- 1 local standpoint, the Arizona National Guard will have
- 2 representatives on the source selection board.
- 3 All the people who are voting members on the
- 4 source selection board will be Federal Government
- 5 employees.
- 6 We design our boards to be able to bring the
- 7 right people to be able to evaluate the proposals.
- 8 When we do a power plant, we will have
- 9 somebody probably from the Department of Energy
- 10 serving on that board.
- We will have somebody, myself, part of my
- 12 staff have banking backgrounds, finance backgrounds.
- 13 We serve on the boards. We sometimes bring in people
- 14 from the Department of Army's finance and management
- 15 side.
- 16 For labs, we will bring in a lab expert from
- 17 the health facility planning agency. So we will bring
- 18 into that board the mix of people who will be able to
- 19 analyze the proposals effectively and then be an asset
- 20 to the rest of the board.
- 21 This is the Arizona National Guard's

- 1 project, so they are going to have representation.
- 2 Also the National Guard Bureau from Washington will
- 3 probably have a presence on that board also. And then
- 4 the rest of it will be industry experts.
- 5 As far as local government people, people
- 6 outside of the Federal Government, they would not
- 7 serve on that source selection board.
- 8 Nothing against the local officials, but
- 9 this really is a Federal Government procurement, and
- 10 we have to keep it clean.
- We do bring advisors onto the board. We
- 12 bring other varieties of advisors on who are experts
- 13 in various segments of the industries that we are
- 14 attracting.
- Thank you. If those are all the questions,
- 16 I want to thank everybody for your attendance. We
- 17 were really pleased with the turnout for this forum.
- 18 (Whereupon, the question-and-answer session
- 19 was concluded.)

20

21

1	State of Maryland			
2	City of Baltimore			
3	I, Barbara J. Evans, a Notary Public of the			
4	State of Maryland, City of Baltimore, do hereby			
5	certify that the tape-recorded above-captioned			
6	proceedings took place at the time and place herein			
7	set out.			
8	I further certify that the CD was			
9	transcribed stenographically by me, and that this			
10	transcript is a true record of the tape-recorded			
11	proceedings.			
12	I further certify that I am not of counsel			
13	to any of the parties, nor an employee of counsel, nor			
14	related to any of the parties, nor in any way			
15	interested in the outcome of the action.			
16	As witness my hand and seal this 7th day of			
17	February, 2006.			
18				
19				
20	Devilere T. T.			
	Barbara J. Evans			

My Commission Expires 10-01-06